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SUBJECT: NSDD 38 DEPARTMENT OF THE TREASURY, OFFICE OF TECHNICAL ASSISTANCE (OTA) STAFFING IN SAN JOSE, COSTA RICA

REF: STATE 134160

¶1. This cable responds to reftel in which the U.S. Treasury Department requests to establish a resident budget advisor in Costa Rica's Ministry of Finance. Embassy San Jose welcomes the initiative to assist the GOCR with budget formulation, execution and analysis. Responses are in accordance with instructions in "NSDD 38 Action Request and Guidance for Chief of Mission" located in the NSDD 38 Internet Application website. Responses to questions 1-5 follow.

¶2. Is the need for the proposed staffing change reflected in the most recent MPP? If so, under which goal? If not, what circumstances have changed to justify the NSDD 38 proposal?

Response: No, the proposed staffing change is not reflected in the most recent MPP. A new administration in Costa Rica has shown an interest in long-term technical and policy assistance for financial management and budgeting. The U.S. Treasury Department's Office of Technical Assistance has the ability to place a resident advisor in the Ministry of Finance. Fiscal reform is essential for Costa Rica to continue being a stable democracy that is a model for the region.

¶3. If the agency proposed to add staffing based on workload are there other resources already present at post that are performing or could perform the function?

Response: The Resident budget advisor will be physically located in the Ministry of Finance where the advisor will work full-time, side by side with Ministry personnel in a training and advisory capacity. The Embassy's two officer economic section, already stretched thin as it works to promote CAFTA ratification and implementation, is not an appropriate resource for this activity.

¶4. Could the function be accomplished through the use of TDY, Foreign National contract or other local hire personnel?

Response: No, to be effective this function requires long-term residency within the Ministry in order to establish the trust and continuity required. Treasury's international technical assistance program is rooted in placement of resident advisors overseas to have on-going, regular interaction with counterparts.

¶5. Identify the specific administrative support, space and funding arrangements that have been made for the increase in staffing.

Response: This position will be located in Costa Rica's Ministry of Finance which is located several miles from the Embassy. Office support will be provided by the Ministry. The U.S. Treasury Department will locate and lease a residence, and will not require leasing or related support services except for a RSO security survey. Limited ICASS support will be required to cover Basic Package, Health Services, Community Liaison Office, Shipment and Customs, and Mail and Messenger Services, services which the current Treasury employee subscribes to. The estimate for these limited ICASS services comes to \$6,971 for a single officer, the costs for which will be reimbursed by Treasury through ICASS. Should the employee have accompanying family members, or desire to subscribe to

additional ICASS services, the estimate will change accordingly.

16. Do the benefits of increasing the staff outweigh the inherent security risks associated with additional personnel?

Response: The addition of this individual and possible accompanying family members will not increase security risks. San Jose is not a critical threat post. The benefit of providing sound fiscal management advice to the GOCR at this critical juncture in the country's history far outweigh any intangible increase in security risk posed by adding this position.

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